

## CHAPTER 21

### SECTION 1

## GENERAL

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### 1.0. PURPOSE

The purpose of this chapter is to ensure compliance with of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), including the Administrative Simplification provisions, by TRICARE *contractors*.

### 2.0. BACKGROUND

#### 2.1. HIPAA

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was introduced as the Kassebaum/Kennedy Bill and was enacted on August 21, 1996, as Public Law 104-191. Public Law 104-191 is, "An Act to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes."

#### 2.2. Administrative Simplification

Through subtitle F of Title II of the Act, Congress added to Title XI of the Social Security Act a new Part C entitled, "Administrative Simplification." The purpose of this part is to improve the Medicare and Medicaid programs under titles XVIII and XIX of the Social Security Act respectively and improve the efficiency and effectiveness of the health care system in general by encouraging the development of a health information system through the establishment of standards and requirements to enable the electronic exchange of certain health information.

#### 2.3. Other Provisions

The law requires the Secretary, Health and Human Services (HHS) to adopt standards for financial and administrative transactions, and data elements for those transactions, to enable health information to be exchanged electronically. It requires the Secretary, HHS to adopt standards for unique health identifiers for all individuals, employers, health plans, and health care providers and to adopt standards for security for health care information systems and for electronic signatures. Congress also instructed the Secretary, HHS to promulgate privacy standards for the protection of individually identifiable health information should Congress fail to do so. The law establishes civil monetary penalties for violations of the provisions of Part C and establishes penalties for a knowing misuse of unique health identifiers and individually identifiable health information.

**2.4. TRICARE Operations Manual**

This chapter incorporates, where required, instructions for each HIPAA-related final rule as they are published by the Department of Health and Human Services.